

Legislative changes introduced in the Kyrgyz Republic (“KR”) in response to the COVID-19 pandemic

COVID-19 pandemic:

1. On March 22, 2020, the Government of the KR announced biological-social emergency situation in the entire territory of the Kyrgyz Republic.
2. Starting from March 17, 2020 the Ministry of Foreign Affairs of the KR suspended the issuance of entry visas for all categories of foreign citizens and stateless persons planning to visit the country.
3. On March 24, 2020 the President of the KR issued Decrees declaring a state of emergency in some areas of KR and establishing commandant’s offices in these areas. The Decrees also gave the Supreme Court of the KR the right to change the territorial jurisdiction of civil, criminal, administrative cases, misconduct cases, as well as pre-trial proceedings in Bishkek for the duration of the state of emergency.
4. On April 3, 2020 a law was passed, introducing amendments to the Criminal Code, Code on Offences, Code of Violations – the amendments introduced new offences/violations and sanctions in relation to violation of the requirements of an emergency situation, state of emergency or martial law, violation of the requirements of quarantine measures, violation of the legislation on circulation of medicines, non-compliance with the requirements of curfew, unjustified overpricing.
5. On May 4, 2020, the Ministry of Labor and Social Development of the KR submitted for public discussion a draft law on amendments to the Labor Code of the KR. The draft law suggests new norms aimed at regulating remote work of employees, which is not covered in the current version of the Labor Code.
6. Starting from May 11, 2020, the Government of the KR introduced quarantine in Bishkek, Osh and some regions of the country in order to prevent further spread of coronavirus infection (COVID-19) and to ensure sanitary and epidemiological well-being of the population

Banking and Finance

1. On March 18, 2020 the National Bank of the Kyrgyz Republic (NBKR) adopted a resolution, according to which banks and non-bank financial institutions registered in the KR should not charge or collect commissions and other payments related to the revision of the terms of loan agreements and should not impose or collect penalties, including default interest (fine/late fee), from borrowers for breach/improper performance of obligations under the loan agreements, if such events caused by the spread of coronavirus infection (border closure, state restrictions, quarantine, etc.).

The NBKR also recommended banks and non-bank financial institutions to revise the due dates of the loan payments for the circumstances associated with the spread of coronavirus infection, and to defer loan payments for at least 3 months upon request by the borrowers. According to the NBKR’s resolution, the credit information providers, when transferring overdue loan information to the credit bureaus, shall indicate the reason for delay in loan payments due to the spread of coronavirus infection.

2. The NBKR allowed commercial banks to suspend compliance with the standards (indicators) of short-term liquidity and instant liquidity from March 30, 2020. Banks and non-banking financial and credit organizations should create a reserve for potential losses (RRL) in the amount of 100 percent for the amount of overdue accrued interest payments on loans that have been granted the status of non-accrual of interest

income in case of overdue debts of 270 days or more, related with the circumstances of the spread of coronavirus infection. At the same time, banks and non-banking financial and credit organizations are entitled to create RPL for the amount of accrued interest on loans on an individual basis before the onset of 270 days, depending on the quality of the loan and the repayment terms, according to its internal documents.

3. The NBKR adopted a resolution on general conditions and procedure for the provision of loans to commercial banks of the Kyrgyz Republic by the NBKR. Loans are provided in order to protect the integrity and ensure stability of the banking system, prevent systemic risk and protect the interests of depositors caused by external shocks and the impact of the COVID-19 pandemic in the Kyrgyz Republic.
4. On March 30, 2020 the NBKR adopted a resolution, which recommended all microfinance organizations and exchange bureaus to suspend their activities in those places, where a state of emergency has been introduced (with the exception of remote customer service).
7. On March 31, 2020 the Government of the KR adopted a plan on anti-crisis financial measures to support entrepreneurship. According to the plan, the following decisions were made:
 - to recommend the NBKR to conduct credit auctions in order to provide the banking system with the necessary level of KGS liquidity to maintain lending to the real sector of the economy;
 - to recommend the NBKR to ease the prudential requirements for commercial banks and non-banking financial-credit institutions for the period up to January 1, 2022;
 - to work with commercial banks on prolongation and restructuring the principal amounts and interest on loans for at least 3 months, including projects funded by the Government of the Kyrgyz Republic and the Russian-Kyrgyz Development Fund (RKDF) in support of small and medium-sized businesses.
5. On April 16, 2020 the NBKR established new deadlines for external audit, approval, submission and publications of annual financial statements of banks

Pharmaceuticals

1. On February 3, 2020 the Government of the KR imposed a temporary ban for a period of 6 months on the export from the Kyrgyz Republic of medicines and medical supplies indicated in the act. The list contains 32 names of medicines and medical products, including, among others: acetylsalicylic acid, paracetamol, ibuprofen, azithromycin, amoxicillin, ceftriaxone, clindamycin, dopamine, sodium chloride, injection syringes, medical and respiratory masks, medical protective clothing, respiratory masks, protective medical goggles.
2. On March 23, 2020 the Government of the KR allowed pharmaceutical and business entities to supply without state registration of medicines and medical devices included in the National List of essential medicines and medical products of the Kyrgyz Republic (the “National List”), and/or a list of medicines and medical devices necessary for the diagnosis and treatment of coronavirus infection (the “List”, 233 items), approved by the authorized health authority of the KR.

It should be noted that the supplied pharmaceuticals and medical devices must be registered in the manufacturing country. In cases when the package of such goods is not labelled in Kyrgyz and Russian languages, stickers in Kyrgyz and/or Russian languages should be applied. It is also necessary to provide translation of the instructions for medical use. The Government also allowed pharmaceutical and business entities to supply medicines and medical products registered in the KR, included in the National List and/or the List, even if they differ in labeling and/or instructions for medical use from those registered. Lastly, the Government allowed to produce and sell medical masks without license and state registration.

Support of businesses and entrepreneurs

1. On March 31, 2020 the Government of the KR adopted a plan on fiscal measures to support entrepreneurship. This plan includes the following measures:
 - to provide deferrals and installments plans for the payment of the amounts of tax debt and social security debt arising from the declaration of the state of emergency from March 22, 2020;
 - not to apply tax sanctions and penalties for untimely fulfillment of tax obligations until July 1, 2020;
 - to recommend local governments to provide a deferral of payments for rent of municipal property for 3 months from April 1, 2020;
 - to extend the terms for the widespread introduction of components of the electronic system of fiscalization of tax procedures until July 1, 2020;
 - to extend the deadline for submitting a single tax return for individuals and individual entrepreneurs until April 1, 2021;
 - to extend the deadlines for submission of reports by business entities on taxes and social contributions until July 1, 2020, subject to timely payment of payments;
 - to extend the moratorium on inspections by state regulatory authorities until January 1, 2022;
 - to introduce a restriction on field tax audits until January 1, 2021, with the exception of:
 - scheduled inspections of business entities engaged in the production and turnover of excisable groups of goods;
 - unscheduled inspections carried out in case of reorganization, liquidation of organizations and termination of activity of an individual entrepreneur;
 - unscheduled inspections and cross-checks carried out in the case of receipt by the tax authorities of documented information testifying to the facts of incorrect tax calculation by taxpayers after the completion of the state of emergency.
 - to recommend the relevant organizations within 3 months:
 - not to disconnect electricity, water, gas and other utilities, communication services and the Internet due to the presence of debt;
 - not charge penalties, penalties for non-payment of utility bills (for electricity, water, gas, garbage collection, communication services, Internet, etc.)
 - to provide a deferral of payments for the rental of state property for 3 months, from April 1, 2020;
 - to introduce a temporary ban on conducting bankruptcy proceedings until January 1, 2021.
2. On March 31, 2020 the Government also adopted a plan on anti-crisis financial measures to support entrepreneurship. According to the plan, the following decisions were made:
 - to extend the dates of general meetings of shareholders until July 1, 2020;
 - to fix the norm on the provision of benefits to domestic suppliers in the amount of 20 percent during the public procurement procedure;
 - to adjust public procurement contracts with regard to the deadlines, which were affected by the announcement of the state of emergency;
 - to attract funds of the RKDF placed in the securities of issuers of the Russian Federation for preferential lending to sectors of the economy of the Kyrgyz Republic;
 - to simplify the procedures of the RKDF to ensure maximum accessibility to credit resources;
 - to work with development partners to jointly establish a business support fund for those most adversely affected by the coronavirus and the announcement of the state of emergency.
3. On May 8, 2020, the Government of the KR recognized the situation on combating the spread of the COVID-19 coronavirus infection on the territory of the Kyrgyz Republic as a force majeure for the

purposes of supporting the affected subjects of the Kyrgyz Republic in tax, customs, social and non-tax payment matters.

Other

1. On March 22, 2020 the Government of the KR imposed a temporary ban for a period of 6 months on the export from the Kyrgyz Republic of specific goods (including flour, rice, oil, sugar, chicken eggs, salt, disinfecting substances).
2. The Government of the KR for a period of not more than 90 calendar days from March 20, 2020, declared the state regulation of prices for socially significant food products. The list contains 14 types of goods (flour, bread, milk, butter, vegetable oil, meat, sugar, rice, pasta, chicken eggs, potatoes, coal, gasoline, diesel fuel, liquefied gas).
3. On April 3, 2020 a law was passed, introducing amendments to various legal acts of the KR, including:
 - the Tax Code of the KR (in the event of emergency situations, the Government of the KR has the right to adopt decisions: on the provision of deferrals or installments on the amount of tax arrears, formed as a result of unavoidable circumstances, without the provision of a bank guarantee; change of the tax rate within the limits of the rate provided by the tax legislation of the KR; non-application of tax sanctions and penalties for untimely performance of tax obligations);
 - the Code on Non-Tax Income (in the event of force majeure circumstances, the Government of the KR has the right to make a decision on amendment, fulfillment and termination of the obligation to pay non-tax payments, as well as on the non-application of sanctions and penalties for late fulfillment of obligations on non-tax payments);
 - the Law "On normative legal acts of the Kyrgyz Republic" – now draft legal acts aimed at regulating business activities may be not analyzed for regulatory impact in cases of regulation of business activities under force majeure circumstances;
 - the Law "On tariffs of insurance premiums for state social insurance" - the Government of the KR in case of occurrence of force majeure circumstances is entitled to make a decision on exemption of individual entrepreneurs from payment of insurance premiums for a certain period of time;
 - the law "On state social insurance" - no penalty shall be accrued for the amount of the default resulting from a force majeure event;
 - the Law "On joint stock companies" - in exceptional cases related to the introduction of a state of emergency, emergency situation and/or force majeure circumstances, the Government of the KR may establish another deadline for holding annual general meetings of shareholders, as well as another deadline for publication of the annual report on financial and economic activities of a company.
The Government established the deadline for holding general annual meetings of shareholders based on the results of 2019 - September 1, 2020 and the deadline for publication of the annual report on financial and economic activity of the open joint-stock company (with the number of shareholders more than 500, or publicly placed at least 1 issue of securities) - within 2 months from the date of the annual meeting of shareholders, but not later than November 1, 2020.

- the Law “On public procurement” - a procuring entity has the right to conduct its own procurement by direct contracting in cases of:
 - procuring goods, works and services in case of emergency only in the mode of high readiness and (or) elimination of the consequences of an emergency, emergency situation, to localize the consequences of force majeure, an accident requiring immediate restoration, as well as in case of need for urgent medical intervention;
 - procuring goods from domestic producers, which are fully produced or sufficiently processed in the Kyrgyz Republic, with the appropriate certificate of origin in accordance with the national quality standards.